

# ***Financial Transaction Tax - Commission gives green light for Enhanced Cooperation***

*Global FS Tax Newsflash*  
24 October 2012

*On 23 October, the EU Commission adopted a proposal for a Council Decision, stating that the EU Member States in favour of introducing an EU Financial Transaction Tax (“FTT”) may do so through Enhanced Cooperation. After careful legal analysis, the Commission has come to the conclusion that all legal requirements for such authorisation have now been met and that the 10 participating Member States should be allowed to move forward.*

**More specifically, the EU Commission takes the view that Enhanced Cooperation in the field of an FTT will not undermine the internal market or economic, social and territorial cohesion. It also believes that Enhanced Cooperation will neither constitute a barrier to or discrimination in trade nor a distortion of competition. It can be expected that this view will be challenged during the imminent political debate.**

If adopted by the Council, Belgium, Germany, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia will be authorised to establish Enhanced Cooperation among themselves in the area of the establishment of a common system of an FTT by applying the relevant provisions of the (EU) Treaties. Estonia, mentioned as the 11<sup>th</sup> Member State in favour, has apparently withdrawn at the last moment.

The present proposal for a Council Decision only concerns the necessary authorisation of Enhanced Cooperation in the area of an FTT and is intended to create an adequate EU legal basis for it. The EU Commission plans to submit a proposal for specific measures implementing such Enhanced Cooperation – i.e., in substance, for a Directive on a common system of an FTT – in due course. The new proposal will be largely based on the original Commission proposal in terms of scope and objectives, as has been previously announced. Whether this will leave enough room for the EU Commission to address the significant criticism raised in relation to the original proposal remains to be seen.

### ***Next steps***

This proposal is an important step towards Enhanced Cooperation among the 10 Member States. EU Tax Commissioner Semeta is expected to present the Commission's assessment of the participating Member States' requests as well as this draft Council decision at the next ECOFIN Council on 13 November 2012. The objective is to get authorisation from the Council for the now 10 Member States to start Enhanced Cooperation by December 2012, as instructed on 28/29 June 2012 by EU leaders in their Compact for Growth and Jobs. Such authorisation requires an EU-27 qualified majority vote (in this case: 74% of Member States' votes needed representing 62% of the EU's population) in the Council, after obtaining the consent of the European Parliament, which has already given the green light.

**The entry date of the “EU-wide” FTT will most probably be 1 January 2014.**

## **PwC contacts**

If you would like further advice or information in relation to the issues outlined above, please call your local PwC contact or any of the individuals listed below:

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